

Michael A. Sweet (SBN 184345)  
Keith C. Owens (SBN 184841)  
Nicholas A. Koffroth (SBN 287854)  
**FOX ROTHSCHILD LLP**  
10250 Constellation Blvd., Suite 900  
Los Angeles CA 90067  
Telephone: (310) 598-4150  
Facsimile: (310) 556-9828  
msweet@foxrothschild.com  
kowens@foxrothschild.com  
nkoffroth@foxrothschild.com

Counsel For Official Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SANTA ANA DIVISION**

In re:

THE LITIGATION PRACTICE GROUP,  
P.C.,

Debtor.

Chapter 11

Case No. 8:23-bk-10571-SC

**OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS' RESPONSE  
AND RESERVATION OF RIGHTS  
REGARDING TRUSTEE'S MOTION TO  
SURCHARGE SECURED CREDITORS  
TO PAY MANAGEMENT FEES AND  
EXPENSES OF RESOLUTION  
PROCESSING, LLC**

**Hearing Date and Time**

Date: October 19, 2023

Time: 11:00 a.m.

Place: *Via ZoomGov*

Courtroom 5C

411 West Fourth Street

Santa Ana, California 92701

1 The Official Committee of Unsecured Creditors (the “Committee”) of The Litigation  
2 Practice Group, P.C. (the “Debtor”), in the above-referenced bankruptcy case (the “Bankruptcy  
3 Case”) pending under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”),<sup>1</sup>  
4 hereby submits this response and reservation of rights regarding the *Trustee’s Motion to Surcharge*  
5 *Secured Creditors to Pay Management Fees and Expenses of Resolution Processing, LLC* [Docket  
6 No. 545] (the “Motion”) filed by the chapter 11 trustee, Richard A. Marshack (the “Trustee”). In  
7 support of this response and reservation of rights, the Committee refers to the record in this  
8 Bankruptcy Case, the argument of counsel at any hearing on the Motion, and respectfully states as  
9 follows:

10 **I.**

11 **RESPONSE**

12 The Committee objects to the Motion to the extent it appears to modify the agreement  
13 negotiated by the Trustee, the Committee and Russ Squires on behalf of Resolution Processing,  
14 LLC (“Resolution”), which was embodied in the order authorizing payment of a management fee  
15 to Resolution. On August 21, 2023, the Court entered an order [Docket No. 412] (the “Management  
16 Order”) approving a management agreement with Resolution to provide back-office management  
17 services to the Trustee for a brief period prior to the closing of the sale. The Management Order  
18 provided for two alternative treatments of the management fee given that Russ Squires was  
19 affiliated with a potential purchaser in the then-pending sale process. The Management Order:

20 Approves the terms of the Management Agreement, as follows:

21 a. Russell Squires’ employment is approved effective as of June 2,  
22 2023, through and including the date of his resignation on July 20,  
23 2023, ***and shall be entitled to file an administrative claim in the***  
***within case***; and

24 b. The employment of Gary DePew is approved as effective June 2,  
25 2023, through and including August 4, 2023, and payment is to be  
26 made as an ordinary operating expense of the Estate.

27 <sup>1</sup> Unless otherwise defined herein, all references to “Section” or “§” refer to a section of the  
28 Bankruptcy Code and all references to “Rule” refer to a rule of the Federal Rules of Bankruptcy  
Procedure.

1 See Mgmt. Order at 2 (emphasis added). This agreement, which authorized the Trustee to terminate  
2 Mr. Squires role under the Management Agreement, cleared the way for Mr. Squires to present an  
3 overbid and otherwise participate at the auction on behalf of a potential bidder, which would have  
4 otherwise been a conflict of interest had Mr. Squires continued to serve as an agent for the Trustee.

5 The relief requested by the Trustee purports to modify the agreement with respect to Mr.  
6 Squires by requesting authority to provide Mr. Squires with immediate payment on his  
7 administrative claim, rather than the right to file an administrative claim set forth in the  
8 Management Order. The Committee objects to this modification, consistent with its previous  
9 objections to requests for preconfirmation payment of administrative claims. Payment of Mr.  
10 Squires' claim should not be made unless and until Mr. Squires files an administrative claim by the  
11 administrative claims bar date, and the Trustee demonstrates that there are sufficient funds available  
12 to pay all administrative claims under a chapter 11 plan. Accordingly, the Committee respectfully  
13 requests that any order granting the Motion limit payment of any administrative claims to Mr.  
14 Squires in a manner consistent with the Management Order.

## 15 II.

### 16 **RESERVATION OF RIGHTS**

17 The Committee reserves its rights with respect to the surcharge analysis presented by the  
18 Trustee in the Motion. Moreover, the Trustee acknowledges the existence (and ongoing analysis)  
19 of disputes over the validity, extent, and priority of certain alleged secured claims purportedly  
20 secured by the collateral as to which surcharge is requested in the Motion. *See, e.g.*, Mot. at 4  
21 (referring to "alleged secured claims"). The Committee reserves the right to object to the payment  
22 of administrative claims to the extent that the Trustee cannot confirm that such payments are from  
23 collateral in which creditors are determined to have an allowed secured claim subject to a valid,  
24 perfected security interests. The Committee further objects to the payment of administrative claims  
25 from unencumbered assets outside of a chapter 11 plan to the extent not previously and expressly  
26 authorized by an order of the Court. Nothing contained in the Motion or the Trustee's analysis  
27 shall be construed as an admission, waiver, or adoption by the Committee with respect to any of  
28 the arguments or factual allegations raised by the Trustee in the Motion.

1 **III.**

2 **CONCLUSION**

3 Based on the foregoing, the Committee respectfully requests that the Court: (i) overrule the  
4 Motion to the extent set forth herein; and (ii) granting the Committee such other and further relief  
5 as is just and appropriate under the circumstances.

6 Dated: October 5, 2023

Respectfully submitted,

7 **FOX ROTHSCHILD LLP**

8 By: Nicholas A. Koffroth

9 Counsel to Official Committee  
10 of Unsecured Creditors  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**PROOF OF SERVICE OF DOCUMENT**

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 900, Los Angeles, CA 90067.

A true and correct copy of the foregoing documents entitled: OFFICIAL COMMITTEE OF UNSECURED CREDITORS' RESPONSE AND RESERVATION OF RIGHTS REGARDING TRUSTEE'S MOTION TO SURCHARGE SECURED CREDITORS TO PAY MANAGEMENT FEES AND EXPENSES OF RESOLUTION PROCESSING, LLC on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On 10/05/2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Eric Bensamochan** eric@eblawfirm.us, G63723@notify.cincompass.com
- **Ronald K Brown** ron@rkbrownlaw.com
- **Christopher Celentino** christopher.celentino@dinsmore.com, caron.burke@dinsmore.com
- **Shawn M Christianson** cmcintire@buchalter.com, schristianson@buchalter.com
- **Randall Baldwin Clark** rbc@randallbclark.com
- **Leslie A Cohen** leslie@lesliecohenlaw.com, jaime@lesliecohenlaw.com; clare@lesliecohenlaw.com
- **Daniel A Edelman** dedelman@edcombs.com, courtecl@edcombs.com
- **Christopher Ghio** christopher.ghio@dinsmore.com, Kristina.Heller@Dinsmore.com
- **Jeffrey I Golden** jgolden@go2.law, kadele@ecf.courtdrive.com; cbmeeker@gmail.com; lbracken@wgllp.com; gestrada@wgllp.com; golden.jeffreyi.b117954@notify.bestcase.com
- **Richard H Golubow** rgolubow@wghlawyers.com, jmartinez@wghlawyers.com; svillegas@wghlawyers.com
- **D Edward Hays** ehays@marshackhays.com, ehays@ecf.courtdrive.com; kfrederick@ecf.courtdrive.com; cmendoza@marshackhays.com; cmendoza@ecf.courtdrive.com
- **Alan Craig Hochheiser** ahochheiser@mauricewutscher.com, arodriguez@mauricewutscher.com
- **Garrick A Hollander** ghollander@wghlawyers.com, jmartinez@wghlawyers.com; svillegas@wghlawyers.com
- **Razmig Izakelian** razmigizakelian@quinnemanuel.com
- **Joon M Khang** joon@khanglaw.com
- **Ira David Kharasch** ikharasch@pszjlaw.com
- **Nicholas A Koffroth** nkoffroth@foxrothschild.com, khoang@foxrothschild.com
- **David S Kupetz** David.Kupetz@lockelord.com, mylene.ruiz@lockelord.com
- **Christopher J Langley** chris@slclawoffice.com, omar@slclawoffice.com; langleycr75251@notify.bestcase.com; ecf123@casedriver.com
- **Daniel A Lev** daniel.lev@gmlaw.com, cheryl.caldwell@gmlaw.com; dlev@ecf.courtdrive.com
- **Michael D Lieberman** mlieberman@lipsonneilson.com
- **Yosina M Lissebeck** Yosina.Lissebeck@Dinsmore.com, caron.burke@dinsmore.com
- **Richard A Marshack (TR)** pkraus@marshackhays.com, rmarshack@iq7technology.com; ecf.alert+Marshack@titlexi.com
- **Laila Masud** lmasud@marshackhays.com, lmasud@ecf.courtdrive.com; kfrederick@ecf.courtdrive.com
- **Kenneth Miskin** Kenneth.M.Miskin@usdoj.gov
- **Byron Z Moldo** bmoldo@ecjlaw.com, amatsuoka@ecjlaw.com, dperez@ecjlaw.com

- Alan I Nahmias anahmias@mbn.law, jdale@mbnlawyers.com
- Victoria Newmark vnewmark@pszjlaw.com
- Queenie K Ng queenie.k.ng@usdoj.gov
- Teri T Pham tpham@epglawyers.com, ttpassistent@epglawyers.com
- Douglas A Plazak dplazak@rhlaw.com
- Ronald N Richards ron@ronaldrichards.com, 7206828420@filings.docketbird.com
- Gregory M Salvato gsalvato@salvatoboufadel.com, calendar@salvatolawoffices.com;jboufadel@salvatoboufadel.com;gsalvato@ecf.inforuptcy.com
- Olivia Scott olivia.scott3@bclplaw.com
- Jonathan Serrano jonathan.serrano@dinsmore.com
- Paul R Shankman PShankman@fortislaw.com, info@fortislaw.com
- Leslie Skorheim leslie.skorheim@usdoj.gov
- Andrew Still astill@swlaw.com, kcollins@swlaw.com
- United States Trustee (SA) ustpreion16.sa.ecf@usdoj.gov
- Sharon Z. Weiss sharon.weiss@bclplaw.com, raul.morales@bclplaw.com, REC\_KM\_ECF\_SMO@bclplaw.com
- Johnny White JWhite@wrsllawyers.com, jlee@wrsllawyers.com;eweiman@wrsllawyers.com

2. **SERVED BY UNITED STATES MAIL:** On 10/05/2023, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows.

**Debtor**

The Litigation Practice Group P.C.  
17542 17th St., Suite 100  
Tustin, CA 92780

**See attached for additional parties**

3. **SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on October 5, 2023, I served the following persons and/or entities by personal delivery, mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

The Honorable Scott C. Clarkson  
United States Bankruptcy Court, Central District of California  
411 West Fourth Street, Suite 5130 / Courtroom 5C  
Santa Ana, CA 92701-4593

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

10/05/2023

Kimberly Hoang

/s/ Kimberly Hoang

Date

Printed Name

Signature

**Additional Parties Served by U.S. Mail**

**Creditors who have the 20 largest unsecured claims**

Debt Validation Fund II, LLC  
5075 Lower Valley Road,  
Atglen, PA 19310

MC DVI Fund 1, LLC; MC  
DVI Fund 2, LLC  
598 Cottonwood Dr.,  
Glenview, IL 60026

Validation Partners LLC  
1300 Sawgrass Pkwy, Ste. 110  
Sunrise, FL 33323

Marich Bein LLC  
99 Wall Street, Ste 2669  
New York, NY 10005

Business Centers of America  
1100 Sir Francis Drake Blvd,  
Ste 1, Kentfield, CA 94904

JP Morgan Chase  
3 Park Plaza, Ste 900  
Irvine, CA 92614

CA Franchise Tax Board  
PO Box 942857  
Sacramento, CA 94257-0511

Outsource Accelerator Ltd  
City Marque Limited  
Unit 8801-2 Bldg. 244-248  
Des Voeux Rd.  
Central Hong Kong

Collaboration Advisors  
400 Dorla Court  
Zephyr Cove, NV 89448

Anthem Blue Cross  
PO Box 511300  
Los Angeles, CA 90051-7855

Azevedo Solutions Groups, Inc.  
420 Adobe Canyon Rd.  
Kenwood, CA 95452

Debt Pay Pro  
1900 E Golf Road, Suite 550  
Schaumburg, IL 60173

1 Sharp Business Systems  
8670 Argent St  
2 Santee, CA 92071

3 Tustin Executive Center  
1630 S Sunkist Steet, Ste A  
4 Anaheim, CA 92806

5 Exela Enterprise Solutions  
2701 E. Grauwyler Road  
6 Irving, TX 75061

7 Netsuite-Oracle  
2300 Oracle Way  
8 Austin, TX 78741

9 Credit Reporting Service Inc  
548 Market St, Suite 72907  
10 San Francisco, CA 94104-5401

11 Document Fulfillment Services  
2930 Ramona Ave #100  
12 Sacramento, CA 95826

13 Executive Center LLC  
5960 South Jones Blvd  
14 Las Vegas, NV 89118

15 LexisNexus  
15500 B Rockfield Blvd  
16 Irvine, CA 92618

17  
18 **Secured Creditors**

19 Diverse Capital LLC  
323 Sunny Isles Blvd., Suite 503  
20 Sunny Isles, FL 33154

21 City Capital NY  
1135 Kane Concourse  
22 Bay Harbour Islands, FL 33154

23 Counsel for secured creditor Fundura Capital Group  
Mitchell B. Ludwig  
Knapp, Petersen & Clarke  
24 550 North Brand Blvd., Suite 1500  
25 Glendale, CA 91203

26  
27  
28